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THE WHEAT SITUATION

Summary

The 1938-39 estimated world wheat production* is now indicated by the Bureau of Agricultural Economics to be about 4,448 million bushels. This is about 65 million bushels more than the estimate of a month ago and about 630 million bushels more than the 1937-38 harvest.

The increase in the world crop over the November estimate is largely accounted for by the increased estimate for France and the unexpectedly large official estimate for the Argentine - the largest on record, except for the 1928 crop. If the Argentine crop is 316 million bushels, as indicated by the first official estimate, this year's world production* will be the largest on record and the total world supplies probably will surpass the previous record supplies in 1933. There has been no substantial change in the estimate for any other country.

With the new Southern Hemisphere crop now being harvested, shipments are expected to become heavy and be an important price factor in world markets. The quantity of export sales of United States wheat and flour will largely determine the extent to which domestic prices remain above world levels.

Export sales of wheat and flour made wholly of United States wheat, July 1 through December 10, totaled about 71 million bushels, including a recent sale of 25 million bushels to the United Kingdom. Prospects have not been favorable for United States exports this season because of large production in other countries, and exports of this size have been made possible only by Government aid. World net imports are estimated at about 550 million bushels while supplies available for export in surplus producing countries total about

*All references in this report to world and Northern Hemisphere production exclude Soviet Russia and China.

950 million bushels.

A winter wheat acreage in the United States of 46 million acres and a production of 485 million bushels were indicated December 21 by the official crop report as of December 1. The acreage indication represents a reduction of about 18 percent from that seeded a year ago. No information is yet available on the probable reduction in spring wheat seedings. If an 18 percent reduction is also made in the spring wheat acreage, the total spring wheat acreage seeded would be about 19.3 million acres. And average yields per seeded acre on such an acreage would result in a spring wheat crop of 195 million bushels. A spring wheat crop of this size together with a winter wheat production of 485 million bushels, would mean a total crop of about 680 million bushels. This would approximate the average domestic wheat disappearance of 683 million bushels and permit the large carry-over to be reduced by approximately the amount of our exports.

Weather conditions throughout most of Europe have been generally favorable for fall seedings, and it is expected that the area sown to winter wheat will equal or exceed that of last fall. Weather conditions also have been favorable for early growth, but recent sub-zero temperatures have caused some concern.

The acreage of rye sown in the United States for all purposes in the fall of 1938 is estimated at 7,171,000 acres, which is an increase of 7.5 percent compared with a year earlier. The condition of rye on December 1, 1938, is reported at 76 percent of normal compared with 74 percent on December 1 last year, and the 10-year average of 81 percent.

The world production of rye* in 1938 is indicated to be about 18 percent above that of 1937.

THE WORLD WHEAT SITUATION

BACKGROUND.-Total world supplies of wheat* increased sharply from 1924 to 1933, largely as a result of increased acreage. From 1933 to 1936 world supplies declined, following successive years of small production and increased world demand. In 1937 world supplies were only moderately larger than in 1936.

During the 1924-33 period, when world supplies were increasing, world prices were declining; they reached the low point as supplies reached the high point. The sharp decline in prices after 1929 was due largely to the general decline in commodity prices. From the spring of 1933 to the summer of 1937, world prices moved steadily upward, reflecting the world-wide recovery in commodity price levels, currency depreciation, four successive below-average harvests in North America, and the 1935-36 short Southern Hemisphere crop.

Estimated world wheat supplies increased

The wheat production of the world* in the 1938-39 season is now estimated at about 4,448 million bushels. This is 63 million bushels more than the estimate of a month ago and 631 million bushels more than the 1937-38 harvest.

The increase over the November estimate is largely accounted for by the unexpectedly large official estimate for Argentina, which was released on December 16. The estimate was placed at 316 million bushels, the largest on record, except for the 1928 crop, and much above any of the unofficial estimates.

Harvesting is almost completed in Australia and production is now estimated at about 140 million bushels. Returns in most parts of the country are somewhat better than had been expected. In Victoria, however, the continued drought has caused great deterioration, and very poor yields are resulting.

The estimated Northern Hemisphere production total* is now placed at about 11 million bushels above the figure published in November. The United States production is estimated at 930,801,000 bushels, as compared with the previous estimate of 940,229,000 bushels. Production in Europe, excluding Soviet Russia, is estimated to be about 1,796 million bushels, or an increase of 13 million bushels over the previous estimate. This is an all-time record. European production, excluding the Danube Basin and Soviet Russia was, however, exceeded in 1933. Most of the increase in the last month occurred in the estimate for France. The Paris office of the Department now estimates the 1938 crop at 349 million bushels, compared with the previous estimate of 335 million bushels. Production in England and Wales is estimated at almost 3 million bushels above the November estimate. The estimate for Spain, however, has been revised downward and is placed at 96 million bushels.

* Footnote, page 1.

Table 1 shows the estimated world wheat supply and prospective distribution, changed by the new production estimate, compared with 1937. Table 6 shows estimated production by countries for the current season compared with the past three seasons.

Table 1.-Estimated wheat supply and prospective distribution, world, year beginning July 1, 1938, compared with 1937

Item	Year beginning July 1	
	1937 estimates	1938 indications
	Million bushels	Million bushels
Carry-over July 1 1/	519	595
Production 1/	3,817	4,448
Total supply	4,336	5,043
Net exports from Soviet Russia	39	1/ 40
Total of above	4,375	5,083
Disappearance	3,780	3,860
Carry-over June 30	595	1,223

1/ Excluding stocks and production in Soviet Russia and China.

Little change in prospect in European fall seeded acreage

Weather conditions have been generally favorable for fall seedings throughout most of Europe, according to the foreign offices of the Department of Agriculture, and it is expected that the area sown to winter wheat will be equal to or exceed that of last fall. Some increase in acreage is reported to have taken place in France and Italy. High fixed prices have encouraged increased seedings in France, and Germany has been encouraging increased production by various methods. In Central Europe and the Danube Basin no significant change in the area seems likely. Some decline in area may occur in Rumania, because of relatively better returns from corn than wheat. In Yugoslavia, however, prospects point to increased seedings, which may about balance the expected reduction in Rumania. Unduly dry weather in parts of Northern Africa may result in reduced acreage there.

The Dominion Bureau of Statistics estimates that the area sown to fall wheat in Canada in the autumn of 1938 at 799,000 acres. This is a decrease of 16,000 acres, or 2 percent, compared with the acreage sown in 1937. The condition on October 31 was reported as 98 percent of the long-time average, compared with 93 percent at the same time last year.

Drought conditions prevailing in India make a reduced acreage there seem probable. Seedings for the 1939 crop in China are estimated to be larger than for the preceding crop, especially in North China. Crop conditions are poor in the lower Yangtze region, because of the extremely dry fall.

World imports still estimated at 50 million bushels more this season

World trade thus far this season appears to confirm the Bureau's September estimate that total world net imports of wheat for the year beginning July 1, 1938, may be about 50 million bushels larger than a year earlier. Table 2 shows the estimated net imports into European deficit wheat countries for this season to be 429 million bushels compared with 393 million bushels for the year beginning July 1, 1937. The present estimate is 8 million bushels less than the estimate issued in September. The decrease is accounted for largely by a downward revision for France, which was only partly offset by small increases in a number of other countries, including Germany and Greece. Estimated shipments to non-European countries have been increased 7 million bushels to 115 million, compared with 99 million bushels a year ago. European and non-European estimates total 544 million bushels this year compared with 492 million bushels for the year beginning July 1, 1937.

Total shipments of wheat and flour to European importing countries since the beginning of the new crop season have been the heaviest of any recent year (tables 14-16). During the period July-December 3, wheat and flour shipments to Europe, as indicated by trade sources, were about 198 million bushels, compared with about 159 million bushels during the same period of last season and around 180 million bushels 2 years ago when European takings for the year reached a high point compared with other recent years. The heavy shipments thus far this season have been made in the face of a record 1938 wheat crop in the European importing countries and a harvest greatly exceeding that of the past 4 years. This very active movement for the first part of the season may be largely attributed to the European political crisis in September which stimulated rather large purchases abroad and also to the heavy early movement from Russia. It seems very unlikely that such a volume of shipments for Europe will be maintained during the balance of the season. Inasmuch as the heaviest seasonal movement for wheat usually occurs from January to March, or even later when Southern Hemisphere grain is pressed on European markets (and there seems every reason to expect heavy shipments during this period in 1939 due to the big Argentine crop), a marked decline in takings might well be expected the last quarter (April-June) of the year.

The only apparent alternative to this development is a very abnormal increase in European stocks of wheat. The 50-million-bushel increase in the import estimate for this season is based on a prospective increase in European stocks of about 100 million bushels. If and when there is reason to believe that reserve stocks are being increased more than 100 million bushels, it will be necessary to revise upward the world import estimate.

Many European countries interested in increasing their wheat stocks

The building of reserve stocks apparently is the "order of the day" in Europe. France, Germany, the United Kingdom, Scandinavia, especially Norway, Poland, the Danube countries, Italy, Holland, and others, appear actively interested in carrying larger wheat stocks. In the case of France,

North Africa, Poland, and the Danube countries, the domestic surplus and difficult export situation makes the forming of reserves more active than would otherwise probably be the case. In Germany storage facilities are being significantly increased to handle the big 1938 crop plus imports for stocks purposes. Likewise in Poland and Rumania a program of extending storage space for grain is being undertaken. In the United Kingdom port stocks have risen sharply, partly due to Government wheat purchases, it is believed.

Table 2.-Net imports of wheat, including flour, into European countries, year beginning July 1, 1937 and 1938

Country	1937-38	1938-39 forecast 1/	Net imports reported: July 1 to	1937-38	1938-39
	Mil. bu.	Mil. bu.		Mil. bu.	Mil. bu.
Belgium	36	39	Oct. 31	14	12
Czechoslovakia	2/- 1	2	Aug. 31	1/ - 1	1
Denmark	6	7	Sept.30	1	1
Finland	3	3	Oct. 31	1	1
France	16	2	Oct. 31	4	5
Germany 4/	54	45	Oct. 31	24	19
Greece	16	15	Aug. 31	3	3
Ireland	14	14	Oct. 31	5	5
Italy	5	18	Oct. 31	5	5
Latvia	1	0	Sept.30	2/	2/
Netherlands	24	24	Oct. 31	8	10
Norway	7	8	Oct. 31	2	3
Poland	0	1/-4	Oct. 31	3/	1/ -1
Portugal	1	3	Sept.30	0	3
Sweden	2/ -1	0	Oct. 31	1	1
Switzerland	14	17	Oct. 31	4	7
United Kingdom	193	217	Oct. 31	65	73
Total imports of above	390	414		137	149
Spain	3	15			
Total imports	393	429			
Total exports	2	4		1	1
Total net imports	391	425		136	148

1/ Forecasts by European offices of U.S. Department of Agriculture.
2/ Net exports.
3/ Less than 500,000 bushels.
4/ Includes Austria.

Compiled from official sources except as otherwise stated.

United States export sales up to 71 million bushels

Approximately 71.4 million bushels of wheat, and flour in terms of wheat, had been sold for export by the United States from July 1 to December 10 (table 5). Of this quantity approximately 42 million bushels had been exported by December 10. Sales of wheat represent about 88 percent of the 71.4 million bushels total, and sales of flour about 12 percent. The Federal export subsidy program has assisted in the sale of more than 47 million bushels while the sales to the United Kingdom, totaling about 25 million bushels 1/, represents the largest single export movement expected this year.

Exports from the Danube Basin countries, Poland, northern Africa and Turkey move into trade almost without regard to other foreign competition because of trade and barter arrangements. A very large part of the exportable surplus, estimated at over 100 million bushels, will be exported from the Danubian countries, as will also the surplus of about 25 million bushels, the total for Poland, northern Africa and Turkey.

Early in the season it was expected that significant quantities of exports would be made by India. The crop has not turned out as well as expected, however, and exports declined from about 3.5 million bushels in July and 2.6 million bushels in August to about 1 million bushels in September; no shipments have been reported since October 22.

Exports from Soviet Russia from July 1 to December 10 are estimated at about 35 million bushels, but it is expected that exports for the rest of the season will be small as a result of a small crop. Heavy shipments early in the season, reflected a sizeable carry-over from last year's bumper crop.

If exports from the United States total about 100 million bushels, those from the Danubian countries about 90 million bushels, Soviet Russia about 40 million bushels, prospective takings by deficit countries would appear to leave only about 312 million bushels for other countries. Of this, Canada might supply 120 to 130 million bushels, and Argentina and Australia 165 to 175 million bushels.

1/ Officials of the Federal Surplus Commodities Corporation estimate that the differential on this sale will be slightly above 20 cents per bushel. The difference between the price at which the Corporation buys wheat and that at which it sells has been increasing as the result of steady domestic prices while foreign prices have been declining.

Table 3 shows estimated supplies available for export and very tentative forecasts of net exports for the current season by the various surplus producing countries. Two factors which greatly complicate forecasts this year are universal Government activity in pressing sales and the large Southern Hemisphere crop, which means heavy shipments and increased competition for the months immediately ahead.

Table 3.- Net exports, year beginning July 1, 1937, forecasts of supplies available for export and net exports, year beginning July 1, 1938

Country	Year beginning July 1		
	1937	1938	
	net exports	Available for export 1/	Forecasted net exports
	Mil. bu.	Mil. bu.	Mil. bu.
United States	100	2/ 250	100
Canada	89	225	124
Argentina	70	215) 295	)170
Australia	123	80)	)
Danube countries	56	105	90
Soviet Russia	38	40	40
Balancing item 3/	18	25	20
Total 4/	494	940	544

1/ Total supplies less probable domestic requirements and carry-over.
2/ Loan stocks not deducted.
3/ "Other" countries and any necessary balancing between shipments and receipts resulting from differences in time and accounting. Computed as estimated total net imports less exports accounted for.
4/ Total net imports, computed as net imports into European deficit countries plus shipments to non-European countries.

Government aid to wheat producers is now universal

Wheat production and trade has been moving more and more under the control or influence of the national Governments until now it is practiced almost universally by both importing and exporting countries.

In importing countries: - Following the war, Governments in importing countries affected wheat production and trade by increased import duties, milling quotas, foreign-exchange control, monopolies, import permits and licenses, and special taxes and fees. As an outgrowth of the general good crop outturns this year and the European political crises in September, Governmental activity in European wheat trade has increased markedly, until trade is now dominated by political considerations.

Protection and aid to European wheat producers has been increased so that they will not suffer from the low world prices and that local production will be maintained and in some cases increased. Estonia is the one European country at present which appears to desire a curtailment of

wheat production and is reported to be encouraging a shift from wheat back to feed grains after a 1938 crop outturn above domestic requirements. In Italy, on the other hand, a new goal of production is now indicated, namely an increase to 9 million tons; the average for 1931-35 was around 7.3 million tons. Increased use of fertilizer and selected seed will probably feature in any higher average. As a result of the big domestic crops in Belgium and Denmark this year, the mixing percentage for home-grown wheat has been increased; in Belgium it is reported to be 35 percent for November and probably 40 percent in December, while in Denmark the quota has recently been set at 50 percent. In Sweden 90 percent home-grown wheat is required, and in Finland 80 percent.

In exporting countries:- As wheat prices have declined, the exporting countries of Europe as well as overseas exporters have adopted export subsidy schemes so that producers would not feel the full pressure of the world market situation.

In the Danube countries as well as in the Soviet Union, the wheat trade is under complete control of the various Governments. The Danubian countries move wheat into export effectively by bilateral treaties or agreements with certain wheat-importing countries, particularly Germany and Italy.

In the United States, the method used is for the Federal Surplus Commodities Corporation to purchase wheat from regular grain dealers and producers on domestic markets and sell it to exporters at prices which will enable United States wheat to maintain its relative position in world markets. The subsidy paid on flour exports is based on the difference between the domestic price of flour and prices in foreign markets at the time of sale. These export aids in addition to other phases of the agricultural adjustment programs have supported domestic prices above world levels. The costs of the subsidy are met from funds made available under Section 32, Public No. 320, as amended, and more recently by Section 12, Public No. 461.

In Canada the minimum price of No. 1 Northern Spring wheat was established at 80 cents per bushel, basis Fort William-Port Arthur, with prices for lower grades at proportional discounts. No. 3 Northern Spring wheat was set at 71 cents, which grade is fairly comparable with Minneapolis No. 1 Northern Spring wheat, the United States loan value of which is 79 cents. It is estimated that the schedule of prices would net Canadian growers an average of from 55 to 60 cents per bushel for all classes and grades. The handling of wheat has been conducted through regular trade channels with the Canadian Wheat Board operating as the sole purchaser from growers and the sole seller to the trade for either domestic or export purposes (with minimum prices above market prices the Government has been obliged to take all offerings). In this way wheat is sold at prices no higher for domestic use than for export. The program is financed from general taxes.

In Argentina, a minimum internal price the equivalent of about 59-1/2 cents, basis seaboard ports, has been announced. The Argentine Government finances its losses through profits on transactions in foreign exchange. Two official exchanges are provided - an official exchange market and a free market. Wheat exporters are required to sell their bills of exchange to the Exchange Control Committee at the official rate of exchange and the Committee then sells them to importers at a profit.

In Australia wheat producers will receive payments out of a fund obtained by a special levy upon consumers of flour. A price equivalent to about 97 cents has been fixed on all wheat domestically consumed as flour, and payments will be allocated to growers presumably on the basis of total acreage or production. World prices will prevail on wheat for export.

An article titled "Government Aid to Wheat Producers" has been reprinted from the November issue of "Foreign Agriculture", and copies are available upon request to the Bureau of Agricultural Economics, Washington, D. C. In this article the causes for the evolution of aid to wheat producers and the probable effects of existing measures have been analyzed.

World prices affected by Southern Hemisphere offerings

Wheat prices in foreign markets, where not fixed, rose in late November and early December, with some improvement in demand and light Southern Hemisphere offerings. Following the week ended December 10, reduced demand, increased offerings of Southern Hemisphere wheat, and prospects of a large crop in Argentina, however, caused prices to decline and thereby lose a part of the gain made since the middle of November. Table 4 shows cash prices of imported wheat at Liverpool and table 6 futures at Liverpool, Winnipeg, and Buenos Aires.

With the Southern Hemisphere harvest in full swing and heavy shipments not far distant, offerings of Argentine and Australian wheat are becoming an important price factor. The larger-than-expected production in Argentina will cause world shipments to be especially heavy during the next quarter.

Table 4.- Prices of imported wheat at Liverpool

Date (Friday)	Hard wheats				Soft wheats	
	U. S. (Gulf) No. 2 Yellow Hd. Winter	Argentine Barusso	Canada No. 3 Manitoba 1/	Russian	U. S. (Pacific) White	Australian 1/
	Cents	Cents	Cents	Cents	Cents	Cents
1938						
Oct. 7	68.9	---	73.8	59.9	71.9	79.4
14	69.6	---	74.7	61.4	71.0	74.7
21	64.7	---	75.9	---	72.2	76.3
28	---	62.6	72.2	---	70.0	72.2
Nov. 4	55.0	58.8	68.4	---	67.7	68.4
10	55.6	61.6	69.7	---	63.8	66.7
18	---	---	72.0	---	61.0	66.2
25	59.5	2/ 65.3	74.4	---	---	66.7
Dec. 2	59.2	2/ 65.8	76.0	---	62.8	---
9	3/65.6	---	76.6	---	64.4	69.3
16	4/63.5	2/ 62.6	75.5	---	---	64.2

1/ Empire wheat qualifying for Imperial Preference is exempt from duty (approximating 6 cents per bushel) under Ottawa Agreements of November 1932.
2/ Rosafe. 3/ No. 1 Dark Hard Winter. 4/ No. 2 Dark Hard Winter.

THE DOMESTIC WHEAT SITUATION

BACKGROUND.- The carry-over of wheat in the United States for the 5 years 1924-28 averaged about 115 million bushels. Stocks which began to accumulate in 1929 reached the record peak of about 375 million bushels in 1933. Four small wheat crops, however, reduced stocks on a comparable basis to about 100 million bushels by July 1, 1937. Domestic disappearance during the 10 years 1928-37 averaged about 680 million bushels.

Domestic wheat prices from the spring of 1933 to that of 1937 were unusually high in relation to world market prices, because of four small domestic crops caused largely by abnormally low yields per acre. During 1936-37 both world and domestic prices advanced sharply as a result of increased demand and the smallest supplies in recent years.

Early in the 1937-38 season, domestic and foreign wheat prices rose sharply, but later declined with increased supply prospects, slow European demand, and a falling commodity price level. Prices received by producers for the 1937-38 season averaged 96 cents compared with 103 cents in 1936-37.

United States production estimate revised downward

The general crop report issued December 19 revised the production estimate for all wheat from the previously published estimate of 940,229,000 bushels to 930,801,000 bushels, which is about 6 percent above the 1937 crop of 875,676,000 bushels and nearly 24 percent above the 10-year (1927-36) average production of 752,891,000 bushels. The yield per harvested acre of all wheat in 1938 is estimated at 13.3 bushels, compared with 13.6 bushels in 1937, and 13.5 bushels, the 10-year average. Acreages seeded and harvested, yield per seeded acre and production by kinds of wheat for this year, last year and the 10-year average are shown in tables 11 and 12.

With a carry-over of 154 million bushels and production of 931 million bushels, supplies total 1,085 million bushels. Domestic disappearance is still estimated at about 700 million bushels, which leaves about 385 million bushels for export during the season and carry-over next July.

The estimated supply and distribution of wheat by classes remains unchanged from that published in the August issue of "The Wheat Situation" except for revisions in the production estimates. These revisions are shown in table 5.

The kinds of wheat exported have necessarily been governed by importers' demands. Hard red winter and white wheat, as is customary, have constituted the bulk of our exports this season. Importing countries use considerable hard wheat to mix with their domestically produced wheats to produce a flour of greater strength. On the other hand, because the

domestic production in deficit countries is predominantly of soft wheats, there is only a limited import demand for soft wheat and exports of such wheat have been made largely with Government aid. As usual only small quantities of hard red spring wheat and durum 2/ have been exported this year.

The quantity of wheat under loan on December 15 totaled 59 million bushels, according to an announcement by the Commodity Credit Corporation. No distribution by classes has been made by the Corporation, but State figures broken down on the basis of production by classes suggest that the distribution of wheat so held is approximately as follows: Hard red spring about 22 million bushels, hard red winter about 21 million bushels, white 10 million bushels, durum 4 million bushels and soft red winter 2 million bushels.

Table 5.- Estimated prospective wheat supplies and distribution by classes for year beginning July 1, 1938

Item	Hard red winter	Soft red winter	Hard red spring	Durum	White	Total
	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.
Carry-over July 1, 1938 (old wheat)	60	37	31	5	21	154
Production	388	237	161	42	103	931
Total supply	448	274	192	47	124	1,085
Prospective utilization	275	210	115	35	65	700
Total available for carry-over and export	173	64	77	12	59	385

Winter wheat acreage reduced 18 percent

The area of winter wheat sown in the fall of 1938 for harvest in 1939 in the United States is estimated at 46,173,000 acres. This is 18 percent below the 56,355,000 acres sown in 1937 and 20 percent below the record acreage seeded in the fall of 1936, but it is still about 1 percent above the average acreage sown to winter wheat during the 10 previous years. In most of the important producing States the acreage sown to winter wheat is substantially below the acreage sown in 1936 and in 1937.

2/ Opportunities for exporting durum are limited this year as a result of an aggregate net surplus in western Mediterranian countries, which constitute the important consumers of durum products. Algeria and Tunisia together have a deficit of about 4 million bushels, Italy about 1 million, but France has a surplus of about 9 million bushels. Estimated production and net imports or exports of durum wheat are shown in tables 9 and 10.

In Indiana, Illinois and parts of adjoining States the dry fall interfered with seedings and the acreage is below average. Seedings are, however, somewhat above average in Kansas, Nebraska and South Dakota where recent summer droughts have caused a shift from corn to winter wheat; also from Colorado into Montana where winter wheat gave an unusually good yield in 1938. Acreage also exceeds average in a less important producing area extending from Kentucky and North Carolina southward.

The condition of winter wheat on December 1 was 72 percent of normal compared with 76 percent a year earlier and the 10-year (1926-35) average of 80 percent. In most of the important winter wheat producing area the reported condition was below last year and below the average. Conditions were generally poorest in the Great Plains area from Nebraska southward. In this area early moisture conditions were more favorable than in recent years, resulting in somewhat better sub-soil conditions. With subsequent dry weather, however, surface moisture was becoming exhausted by December 1. In parts of the Central Plains area much late seeded wheat had not yet germinated. Soft winter wheat in the Atlantic States and in some East North Central States shows a better condition than in 1937, particularly in Illinois, Missouri, and Iowa. In the Pacific Northwest and in California the condition of winter wheat is close to average.

Based on the past relationship between December 1 condition and yield per seeded acre, with some allowance for the probable effect of weather conditions during the past summer and fall, the indicated production of winter wheat in 1939 is about 485,000,000 bushels. It is expected that abandonment of sown acreage will be above average in 1938 and will probably be between 20 and 25 percent.

No information is yet available on the probable reduction in spring wheat seedings. If an 18 percent reduction is made, as is indicated for winter wheat, the total seeded acreage would be about 19.3 million acres. Average yields per seeded acre on such an acreage would result in a spring wheat crop of 195 million bushels. A spring wheat crop of this size together with a winter wheat production of 485 million bushels, would mean a total crop of about 680 million bushels. This would approximate the 10-year (1928-37) average domestic wheat disappearance of 683 million bushels and permit the large carry-over to be reduced by approximately the amount of our exports.

Domestic prices supported by export sales

Wheat prices in the United States fluctuated within narrow limits most of the last half of November, with markets seasonally dull, but rose in early December following the announcement that export sales of 25 million bushels had been made to the United Kingdom. Smaller domestic marketings and unfavorable moisture for winter wheat were also strengthening factors. Domestic markets averaged generally 3 to 4 cents higher for the week ended December 17 than for the week ended November 19. Durum wheat prices showed particular strength averaging about 6 cents higher as between these 2 weeks.

Changes in domestic prices in the next few months may be expected to be dominated largely by the same factor which influence prices at Liverpool, with export sales of United States wheat also an important price factor.

Table 6.-Average closing prices of December wheat futures, specified markets and dates, 1937 and 1938

Date	Winnipeg 1/		Liverpool 1/		Buenos Aires		Chicago		Kansas City		Minneapolis	
	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938
Month-	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Sept.	123.9	61.8	130.2	71.4	---	---	106.6	64.6	101.4	60.9	114.7	66.5
Oct.	120.0	59.2	128.7	66.7	---	---	100.0	65.0	97.0	61.1	108.8	66.3
Nov.	112.3	57.9	120.5	62.5	---	---	90.7	63.3	88.3	59.4	98.6	66.1
Week ended-												
Nov. 5	111.1	57.3	125.3	62.0	110.2	2/50.6	91.2	64.0	88.5	59.9	98.8	65.6
12	112.5	57.4	122.4	62.0	106.7	2/53.8	89.5	64.0	86.6	59.8	98.5	66.4
19	114.8	58.9	120.3	63.0	108.6	55.2	91.5	64.0	89.2	59.7	100.5	66.8
26	111.0	57.9	117.1	62.7	104.0	52.5	90.6	62.2	88.8	58.6	97.2	65.9
Dec. 3	114.3	59.0	114.7	63.5	104.1	51.0	93.0	62.4	90.4	59.7	99.0	66.8
10	119.6	60.4	115.4	66.1	106.0	51.3	96.1	64.4	93.0	62.0	101.4	68.8
17	125.6	60.0	114.9	65.8	106.2	49.1	95.0	64.0	91.8	61.8	99.8	68.8
High 3/	125.6	60.4	130.4	68.2	4/145.9	4/58.8	103.4	65.5	99.3	62.0	110.9	68.8
Low 3/	111.0	57.3	114.7	62.0	4/104.0	4/49.1	89.5	62.2	86.6	58.6	98.5	65.5

1/ Conversions at noon buying rate of exchange.
2/ November futures.
3/ October 8 to December 17, 1938, and corresponding dates 1937.
4/ November and December futures.

Table 7.-Weighted average cash price of wheat, specified markets and dates, 1937 and 1938

Date	All classes and grades six markets		No. 2 Hard Winter Kansas City		No. 1 Dk.N.Spring Minneapolis		No. 2 Hard Amber Durum Minneapolis		No. 2 Red Winter St. Louis		Western White Seattle 1/	
	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938
Month-	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Sept.	108.7	68.3	109.5	65.7	133.5	76.2	110.1	68.9	109.2	67.1	93.9	62.7
Oct.	103.7	65.3	106.0	64.7	126.8	73.3	108.3	65.5	104.0	68.5	90.3	63.2
Nov.	93.5	64.9	94.2	63.3	115.3	73.1	100.2	64.9	93.2	65.8	83.8	63.3
Week ended-												
Nov. 5	94.0	64.4	95.6	63.7	116.4	71.1	99.3	62.7	95.4	66.1	85.2	63.0
12	90.9	64.8	92.5	63.5	115.8	72.9	98.2	65.1	85.5	66.0	81.8	63.3
19	95.0	65.2	94.9	64.2	118.1	73.2	101.9	64.6	93.0	66.7	84.7	63.4
26	93.4	65.0	94.0	63.3	108.9	73.3	101.2	65.8	93.2	65.0	84.8	63.4
Dec. 3	95.2	65.9	95.4	64.9	111.6	74.3	105.1	67.9	95.6	66.5	85.3	63.9
10	97.5	68.2	96.8	66.9	121.3	77.2	108.9	69.7	95.4	69.0	86.0	63.8
17	95.9	68.3	96.8	66.8	116.1	77.6	104.4	70.4	94.0	69.8	85.0	---
High 2/	106.0	68.3	107.4	66.9	128.9	77.6	110.4	70.4	107.4	69.8	91.8	63.9
Low 2/	90.9	64.4	92.5	63.3	108.9	71.1	98.2	62.7	85.5	65.0	81.8	62.2

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ October 8 to December 17, 1938, and corresponding dates for 1937.

Table 8.- Estimated production of wheat in specified countries, 1935-36 to 1938-39

Country	1935-36	1936-37	1937-38	1938-39
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
NORTHERN HEMISPHERE				
North America:				
United States	626,344	626,766	875,676	930,801
Canada	281,935	219,218	182,410	348,100
Mexico	10,712	13,606	10,586	1/ 12,000
Total (3)	918,991	859,590	1,068,672	1,290,901
Europe:				
England and Wales	60,592	51,445	52,005	69,253
Scotland	4,480	3,547	4,181	3,883
Northern Ireland	362	273	164	2/ 190
Ireland	6,686	7,839	6,990	2/ 8,000
Norway	1,869	2,094	2,497	2,614
Sweden	23,610	21,635	25,720	30,170
Denmark	14,672	11,266	13,522	3/ 14,300
Netherlands	16,653	15,428	12,555	15,138
Belgium	16,101	16,153	15,550	17,796
France	284,950	254,618	257,838	4/ 349,000
Spain	157,986	121,492	110,200	4/ 95,500
Luxemburg	1,022	1,071	1,206	1,775
Portugal	22,092	8,651	14,540	4/ 15,800
Italy	282,760	224,570	296,282	5/ 297,319
Switzerland	5,974	4,470	6,184	6,096
Germany	171,488	162,660	164,120	198,524
Austria	15,509	14,039	14,470	3/ 16,200
Czechoslovakia	62,095	55,583	51,266	65,708
Greece	27,180	19,537	32,373	35,934
Poland	73,884	78,357	70,774	84,142
Lithuania	10,093	8,027	8,109	9,072
Latvia	6,520	5,272	6,302	7,646
Estonia	2,267	2,433	2,786	2,998
Finland	4,233	5,259	7,665	7,973
Malta	179	236	326	296
Albania	1,554	1,106	1,636	1/ 1,500
Total (26)	1,274,811	1,097,061	1,179,261	1,356,827
Bulgaria	47,925	60,350	64,910	61,159
Hungary	84,224	87,789	72,158	95,866
Rumania	96,439	128,717	138,153	181,511
Yugoslavia	73,100	107,422	86,238	100,902
Total (4)	301,688	384,278	361,464	439,438
Total Europe (30)	1,576,499	1,481,339	1,540,725	1,796,265

Continued -

Table 8.-/ Estimated production of wheat in specified countries, 1935-36 to 1938-39 - Continued -

Country	1935-36	1936-37	1937-38	1938-39
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
NORTHERN HEMISPHERE Cont'd				
Africa:				
Algeria	33,532	29,774	33,106	32,066
Morocco	20,036	12,234	20,895	23,883
Tunisia	16,902	8,083	17,637	13,962
Egypt	43,222	45,700	45,376	45,933
Total (4)	113,692	95,791	117,014	115,844
Asia:				
Palestine	3,834	2,795	4,682	1/ 4,000
Syria and Lebanon	18,520	15,704	17,227	23,368
India	363,216	351,680	364,075	402,453
Japan	48,718	45,192	50,410	45,244
Chosen	9,747	8,095	10,242	10,333
Turkey	92,641	141,582	132,985	160,424
Total (6)	536,676	565,048	579,621	645,822
Total 43 countries	3,145,858	3,001,768	3,306,032	3,848,832
Estimated Northern Hemisphere total, excluding Russia and China	3,225,000	3,067,000	3,372,000	3,914,000
SOUTHERN HEMISPHERE				
Argentina	141,462	249,193	184,801	315,993
Australia	144,218	151,390	188,018	6/ 140,000
Union of South Africa	23,709	16,077	10,157	17,407
Estimated world total excluding Russia and China	3,601,000	3,540,000	3,817,000	4,448,000

1/ Approximation.
2/ Estimate of the London office of the Bureau.
3/ Estimate of the Berlin office of the Bureau.
4/ Estimate of the Paris office of the Bureau.
5/ The Paris office of the Bureau regards this official estimate as being too high.
6/ Approximate average of estimates of various States and opinion of Commonwealth Bureau, as reported by International Institute of Agriculture.

-- Production figures refer to the year of harvest. Harvests of the Northern Hemisphere countries are combined with those of the Southern Hemisphere which immediately follow; thus for 1938-39 the crop harvested in the Northern Hemisphere countries in 1938 is combined with the Southern Hemisphere harvest which begins late in 1938 and ends early in 1939.

Compiled from official data except as otherwise noted.

Table 9.- Durum wheat production in selected countries 1/, 1938 with comparisons

Country	Average 1931-35	1936	1937	1938
	Million bushels	Million bushels	Million bushels	Million bushels
United States	21.8	8.1	27.8	41.6
Canada	2/ 17.8	15.3	30.7	22.0
Total United States and Canada	39.6	23.4	58.5	63.6
Italy	57.6	57.4	75.0	80.8
Morocco	21.0	8.5	12.7	14.7
Algeria	22.9	18.7	22.5	22.0
Tunisia	9.8	4.4	10.3	7.7
Total Italy and North Africa	111.3	89.0	120.5	125.2

1/ In Argentina, India, and Russia, where durum is also an important crop, no estimate of durum production is made.
2/ Year 1935 only.

Table 10.- Durum wheat estimated net imports or net exports (-) in selected countries, 1938 with comparisons 1/

Country	Year beginning August 1				
	Average 1931-32 to 1935-36	1935-36	1936-37	1937-38 preliminary	1938-39 forecast
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
France	11.9	10.3	9.3	9.8	9.2
Italy	2.8	1.0	2/ -1.1	3/ - .8	2/ - .9
Morocco	3/	2/ -0.7	2.2	.8	0
Algeria	6.8	2/ - 8.4	2/ -8.5	2/ -6.4	2/ -3.7
Tunisia	2/-2.9	2/ - 4.5	0.3	2/ -1.6	2/ -.7
Total	18.6	2/ - 2.3	2.2	1.8	3.9

1/ Estimated by Paris office of the Bureau of Agricultural Economics.
2/ Net exports.

Table 11.- Estimated United States wheat acreage harvested, and production, 1937 and comparisons

Crop	Acreage harvested			Production		
	Average 1927-36	1937 crop	1938 crop	Average 1927-36	1937 crop	1938 crop
	1,000 acres	1,000 acres	1,000 acres	1,000 bushels	1,000 bushels	1,000 bushels
Durum 1/	3,620	2,786	3,545	40,085	27,971	40,445
Other Spring 2/	14,424	14,658	16,965	166,410	161,881	203,719
All Spring	18,044	17,444	20,510	206,495	189,852	244,164
Winter 3/	37,281	46,978	49,711	546,396	685,824	686,637
All wheat	55,325	64,422	70,221	752,891	875,676	930,801

1/ North Dakota, South Dakota, and Minnesota.
2/ Includes durum in States other than North Dakota, South Dakota, and Minnesota.
3/ Sown previous fall.

Table 12.- Estimated United States wheat acreage seeded and yield per seeded acre, 1937, and comparisons

Crop	Acreage seeded			Yield per seeded acre		
	Average 1927-36	1937 crop	1938 crop	Average 1927-36	1937 crop	1938 crop
	1,000 acres	1,000 acres	1,000 acres	Bushels	Bushels	Bushels
Durum 1/	4,192	3,214	3,856	8.5	8.7	10.5
Other Spring 2/	17,933	20,202	19,659	9.5	8.0	10.4
All Spring	22,125	23,416	23,515	9.3	8.1	10.4
Winter 3/	45,644	57,656	56,355	12.0	11.9	12.2
All wheat	67,769	81,072	79,870	11.2	10.8	11.7

See table 11 for footnotes.

Table 13.-Wheat surplus for export or carry-over in three exporting countries, United Kingdom port stocks and stocks afloat, December 1, 1935-38 1/

Position	1935	1936	1937	1938
	Mil. bushels	Mil. bushels	Mil. bushels	Mil. bushels
Canada:				
In Canada	269	120	73	197
In United States	33	24	5	8
Argentina	22	10	4	11
Australia	21	11	5	14
Total	345	165	87	230
United Kingdom port stocks	9	7	11	19
Stocks afloat to:				
United Kingdom	18	19	11	15
Continent	6	14	13	11
Orders	3	6	10	5
Total	36	46	45	50
Grand total	381	211	132	280

1/ Carry-over at the beginning of the year (Canada, July 31; Argentina, January 1; Australia, December 1 of the previous year) plus production, minus domestic utilization for the year, minus monthly exports to date.

Table 14.-Exports of wheat and wheat flour from the United States, 1937 and 1938

(Includes flour milled in bond from foreign wheat)

Period	Wheat		Wheat flour		Wheat including flour	
	1937	1938	1937	1938	1937	1938
	1,000 bushels	1,000 bushels	1,000 barrels	1,000 barrels	1,000 bushels	1,000 bushels
July-Oct.	17,380	27,054	1,548	1,741	24,659	35,236
Week ended 1/ :						
Nov. 5	1,184	717	63	93	1,480	1,154
12	1,939	387	35	84	2,103	782
19	1,280	2,092	62	51	1,571	2,332
26	936	458	72	81	1,274	839
Dec. 3	2,211	338	144	57	2,888	606
10	1,690	2/ 110	160	2/151	2,442	2/ 820

Compiled from reports of the Department of Commerce.

1/ Data for total exports from the United States by weeks are not available. These data are the total of exports through 16 of the principal ports.
2/ Preliminary.

Table 15.-Shipments of wheat, including flour from principal exporting countries, specified dates, 1937 and 1938

Period	Argentina		Australia		Danube		North America	
	1937	1938	1937	1938	1937	1938	1937	1938
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
July-Oct.	13,676	20,124	21,112	30,752	17,264	7,464	52,280	80,776
Week ended-								
Nov. 5	216	1,012	1,764	496	584	848	4,888	6,192
12	0	900	1,900	568	2,224	880	5,368	6,488
19	1,012	712	932	584	912	2,256	5,360	5,992
26	128	680	972	1,536	632	1,672	5,304	6,312
Dec. 3	368	1,116	2,872	608	1,160	3,624	6,360	4,688
10	408	453	1,476	1,644	976	1,504	3,592	2,123
17	1,068	996	2,068	1,683	176	1,136	4,128	1,658

Compiled from Broomhall's Corn Trade News.

Table 16.-Movement of wheat, including flour, from principal exporting countries, 1935-36 to 1938-39

Country	Exports as given by official sources: Total 1935-36	Total 1936-37	Total 1937-38	July 1 to date shown 1936-37	July 1 to date shown 1937-38	July 1 to date shown 1938-39	Date
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 1/	15,929	21,584	107,204	7,906	24,659	35,238	Oct. 31
Canada	237,447	213,028	94,546	137,392	53,175	80,942	Nov. 30
Argentina	76,577	162,977	69,670	19,072	14,000	19,541	Oct. 31
Australia	105,323	98,730	123,343	16,482	16,452	19,706	Sept. 30
Russia	29,704	4,479	43,354	890	9,969	22,430	Sept. 30
Hungary	14,644	27,423	9,368	12,426	2,994	11,228	Oct. 31
Yugoslavia	728	17,954	5,012	5,386	3,382	2,305	Sept. 30
Rumania	6,392	36,264	32,962	11,766	10,794	6,814	Sept. 30
Bulgaria	988	7,273	8,434	1,857	1,928	178	Sept. 30
British India	2,556	16,571	19,677	359	3,308	3,631	July 31
Total	490,293	606,288	513,620				

	Shipments as given by trade sources: Total 1936-37	Total 1937-38	Week ended 1938 Dec. 3	Dec. 10	Dec. 17	July 1 - Dec. 17 1937	1938
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America 2/	231,332	184,720	4,688	2,123	1,658	87,280	114,229
Canada 3/	213,028	94,546	3,327	1,914	---	4/55,894	4/81,660
United States 5/	10,395	33,651	606	820	---	4/30,770	4/33,925
Argentina	164,678	66,928	1,116	453	996	16,876	25,993
Australia	105,836	127,520	608	1,644	1,683	33,096	37,871
Russia	38	42,248	552	264	624	29,712	37,128
Danube and Bulgaria 6/	65,544	37,320	3,624	1,504	1,136	23,928	19,384
British India	7/16,571	7/19,677	0	0	0	9,776	6,280
Total 8/	584,549	473,413				200,668	240,385
Total European shipments 2/	434,670	397,656	8,600			9/ 157,512	9/ 198,408
Total ex-European shipments 2/	127,192	99,400	2,144			9/ 37,320	9/ 45,912

1/ Includes flour milled in bond from foreign wheat.
2/ Broomhall's Corn Trade News.
3/ Official exports as reported to date, supplemented by reported weekly clearances of wheat, and estimates of flour shipments.
4/ Through December 10 only.
5/ Official reports received from 16 principal ports only.
6/ Black Sea shipments only.
7/ Official.
8/ Total of trade figures includes North America as reported by Broomhall's but does not include items 2 and 3.
9/ December 3 only.

WORLD RYE PRODUCTION IN 1938

The world production of rye in 1938 is indicated to be about 18 percent above that of 1937, and is the largest on record. The production in the 31 countries reporting (table 18) is estimated at 1,058 million bushels, compared with the 1937 crop of 895 million bushels in the same countries.

UNITED STATES RYE SOWN FOR HARVEST IN 1939

The acreage of rye sown for all purposes in the fall of 1938 is estimated at 7,171,000 acres, which is an increase of 7.5 percent over the 6,671,000 acres shown in the fall of 1937. Increases in sown acreage were quite general throughout the country. The only important rye producing State to show a decrease from last year was Wisconsin, for which a decline of 19 percent is shown. Increases of 5 percent and 6 percent, respectively, are shown for North and South Dakota. The total seeded acreage in 1936 was 7,371,000 acres. A considerable acreage of rye is sown for purposes other than grain production, such as cover crop, hay, and pasture.

The condition of rye on December 1, is reported at 76 percent of normal compared with 74 percent on December 1 last year, and the 10-year (1926-35) average of 81 percent. The December 1 condition was above last year in most of the Northern Great Plains area and the area east of the Rockies. This was partially offset by lower condition in much of the Eastern Corn Belt and in the Pacific Coast States.

The acreage of rye cut for grain depends to a considerable extent on prices before harvest and availability of feed supplies. In 1938 growers harvested 3,979,000 acres or 60 percent of their seeded acres, while over the 6-year (1931-36) period they harvested 52 percent. If growers should harvest 52 percent of the 7,171,000 acres seeded this fall (3,729,000 acres), and if average yields were obtained, it would mean a production of about 45,000,000 bushels - which is the amount of our domestic disappearance during the past three seasons (table 17).

CANADIAN RYE SOWN FOR HARVEST IN 1939

The sowings of fall rye in Canada for harvest in 1939 are estimated at 596,000 acres, an increase of 2 percent, compared with the acreage sown a year earlier. The condition on October 31 was 91 percent of average, compared with 84 percent on the same date in 1937.

Table 17.-Rye: Supply and distribution, United States, 1935-38

Item	1935-36	1936-37	1937-38	1938-39
	1,000 bush.	1,000 bush.	1,000 bush.	1,000 bush.
Stocks July 1 1/	11,283	22,299	5,886	9,699
Production	58,597	23,319	49,830	55,039
Imports	2,266	3,943	2/	
Total supply	72,146	51,561	55,716	64,738
Exports	9	249	6,578	
Stocks June 30 1/	22,299	5,886	9,699	
Apparent disappearance	49,838	45,426	39,439	

1/ Includes stocks on farms as of June 1 (available only beginning with 1935 and only for June 1) plus commercial stocks as of July 1.
2/ Less than 500 bushels.

Table 18.-Estimated rye production in specified countries

Country	1935	1936	1937	1938
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
NORTH AMERICA:				
United States	58,597	25,319	49,830	55,039
Canada	9,606	4,281	5,771	11,115
Total (2)	68,203	29,600	55,601	66,154
EUROPE:				
Belgium	15,038	14,059	13,583	15,436
Czechoslovakia	64,501	56,548	58,446	66,139
Denmark	11,177	7,842	9,889	1/ 10,600
England and Wales	372	344	280	1/ 300
Estonia	6,804	6,044	8,327	7,047
Finland	13,760	12,134	16,982	14,684
France	29,371	28,150	29,119	31,665
Germany	294,399	290,793	272,296	333,170
Austria	24,416	18,610	16,830	23,266
Greece	2,183	1,654	2,579	2,448
Ireland	69	68	55	79
Italy	6,225	5,204	5,701	5,437
Latvia	14,326	11,260	16,592	1/ 16,100
Lithuania	25,221	21,354	23,894	24,647
Luxemburg	452	449	392	513
Netherlands	18,311	18,736	18,928	21,259
Norway	483	425	443	433
Poland	260,498	250,536	221,953	272,426
Portugal	4,635	3,466	4,642	1/ 4,700
Spain	19,245	18,053	19,684	1/ 16,900
Sweden	16,902	13,838	16,250	15,783
Switzerland	1,295	1,077	1,296	1,281
Total (22)	829,683	780,644	758,161	884,315
Bulgaria	7,787	8,188	9,387	8,822
Hungary	28,650	28,114	24,325	30,747
Rumania	12,724	17,842	17,768	26,377
Yugoslavia	7,719	8,002	8,243	9,051
Total (4)	56,860	62,146	59,723	74,997
Algeria	17	29	37	72
Argentina	6,023	7,480	3,523	11,614
Turkey	8,508	17,674	17,674	21,267
Total (31)	963,271	890,093	894,719	1,058,419

Compiled from official data, except as otherwise noted. Production figures refer to the year of harvest. Harvests of the Northern Hemisphere countries are combined with those of the Southern Hemisphere which immediately follow: thus, for 1938-39 the crop harvested in the Northern Hemisphere countries in 1938 is combined with the Southern Hemisphere harvest which begins late in 1938 and ends early in 1939.

1/ Estimate of the Berlin office of the Bureau of Agricultural Economics.

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